



Federal Communications Commission
445 12th Street SW
Washington, DC 20554

April 7, 2014

In the Matter of:

Wireline Competition Bureau Seeks Focused)	WC Docket No. 13-184
Comment on E-Rate Modernization)	

Comments of AASA: The School Superintendents Association and the Association of Educational Service Agencies (AESA)

Introduction: On behalf of *AASA: The School Superintendents Association*, representing more than 10,000 public school superintendents and local educational leaders and the *Association of Educational Service Agencies*, representing 553 collaborative education service agencies in 45 states, we submit these comments in response to the FCC's Public Notice (PN): Wireline Competition Bureau Seeks Focused Comment on E-Rate Modernization. We applaud the FCC's continued focus on modernizing the schools and libraries (E-Rate) program and welcome the opportunity to provide feedback.

AASA and AESA have both actively advocated for the E-Rate program since its inception in the Telecommunications Act of 1996. Our organizations are focused on ensuring the program continues to successfully pursue its mission of accelerating the deployment of advanced telecommunications and information services in schools and libraries. We have been engaged in each rulemaking related to the program, and have long supported efforts to modernize and strengthen the E-Rate program.

Any conversation about modernizing E-Rate must start by recognizing the unparalleled success of the E-Rate program, something we described in detail in the Summer 2013 NPRM.¹ In its 18 years, E-Rate has proven critical to the rapid and dramatic expansion of school and library connectivity, forever changing the face of students' classroom experiences. Schools and libraries use their E-Rate discounts to help them afford essential connectivity services and leverage additional dollars for other areas of their budgets, including instruction. The long-term success of E-Rate relies on its ability to be updated to reflect the ever-changing world of connectivity and educational technology while remaining committed to its focus on equity and program sustainability. Though most schools and libraries are now connected to the internet, the quality and speed of that connection does not always meet the demand. We still have school districts that do not have the technological capacity to keep up with the mandated online formative assessments and tracking massive amounts of data through the state longitudinal data systems.

¹ See AASA/AESA Joint Filing, Aug 27, 2013 http://aasa.org/uploadedFiles/Policy_and_Advocacy/files/AASA%20E-Rate%20NPRM%20Comments%20081613.pdf

The core component of our position on E-Rate modernization is that any effort must be two pronged. It must include both programmatic restructuring—such as streamlined application, incentivizing consortia applications, and multi-year applications—and a permanent increase in the program’s funding cap. Quite simply, an infusion of funding without programmatic restructuring is a poor investment, and programmatic restructuring without permanent, adequate funding sets the program on a path towards instability and failure. Our comments to the Summer 2013 NPRM² reflected this priority, and called on the FCC to raise the E-Rate funding cap to \$5 billion. AASA and AESA strongly urge the FCC to carefully consider any changes that might be made to the E-Rate program to ensure that the program: continues to fulfill its original promise of connectivity in the broader context of equity, local decision making, and technological neutrality.

This PN is structured to solicit focused inquiry on three specific issues: focusing E-Rate funds on high-capacity broadband; phasing down traditional voice services; and demonstration projects. The PN proposal comes in the broader context of found funding for the E-Rate program, expected to total \$2 billion over two years. As part of his ConnectEd proposal, President Obama announced his commitment to providing the funds, and the FCC has worked to identify the funds within the existing program coffers. That is, this is not an infusion of new money beyond the annual cap; rather, it is the rollover of existing E-Rate dollars back to the program. This PN, and many of our recent conversations with the FCC, have focused on how the existing \$2 billion can be integrated into E-Rate as part of the broader efforts to modernize. Our understanding is that the intent is to target the \$2 billion on internal connections (Priority Two services), the component of the program that is routinely deeply underfunded as the current E-Rate cap meets less than half of overall program demand.

AASA and AESA frame our comments around one simple truth: each question asked in the PN would be readily addressed with a permanent infusion of funding to the E-Rate program. In its 2010 NPRM, the FCC itself recognized the inadequacy of the current E-Rate funding level, writing that ‘Demand for funding far exceeds available funding every year.’ And ‘In future years...it is likely that requests for telecommunications and internet access services will exceed the cap, with the result that no funding for internal connections will be available for any applicants.’ Raising the program cap to \$5 billion would support not only the original goals of connectivity, but also facilitate expansion of the program’s focus to broadband and streamlining the application process. Permanent, adequate funding ensures equity in program benefit, providing connectivity to the schools and classrooms of a much larger portion of applicants.

The demand for raising the E-Rate cap was crystallized in Funding Year 2013, when the E-Rate program provided zero support to applicants for Priority Two (internal connections) services. That is, program demand was so significant that virtually all available funding was consumed in Priority One services, and USAC was left with very few dollars to serve Priority Two. The application period for Funding Year 2014 applications closed on March 26, 2014. USAC received more than 47,000 applications totaling \$4.868 billion, with \$2.643 billion in Priority One applications and \$2.225 billion in Priority Two applications. This does not include the additional 1,000 applications USAC anticipates receiving as paper applications continue to arrive. It is very possible that demand in Funding Year 2014 will exceed \$5 billion, the exact funding cap that AASA and AESA endorse.³

² See AASA/AESA Joint Filing, Aug 27, 2013 http://aasa.org/uploadedFiles/Policy_and_Advocacy/files/AASA%20E-Rate%20NPRM%20Comments%20081613.pdf

³ AASA and AESA maintain that program demand likely exceeds \$5 billion per year, as school districts that receive lower discounts regularly do not submit Priority Two applications because they know that funding is not available to them.

Response to Public Notice: Within the three framing questions of the PN, the Wireline Bureau solicits information on a variety of proposals. AASA and AESA are not prepared to advance or support any major, permanent structural changes to the program, neither Priority One nor Priority Two.

- **Broadband Deployment within Schools and Libraries:** When it comes to scope of services to be funded, we urge the FCC to adopt changes that reflect tech neutrality and local decision making. The specific technology that makes broadband deployment work in one district won't necessarily work at the district across town or in another state. Technological neutrality (allowing a variety of technologies as opposed to prescribing a limited number) and local decision-making are an efficiency: Local school system and library leaders are best positioned to know their respective technological needs, the process for implementing the technology plan, and the related costs. Tech neutrality and local decision making empower these leaders to maximize the benefit of E-Rate dollars, for connections both *to* and *within* schools and libraries.
- **Access to Funding:** The driving force in allocation of E-Rate dollars must remain centered on equity. We applaud the PN's call for "more widespread access to funding internal connections". We refer to our earlier assertion that raising the cap would adequately nullify the need to talk about a carve out by providing annual funding for Priority One and Priority Two each year. We oppose any effort to set aside a specific portion of E-Rate dollars for Priority Two. Further, the concept of a carve out/set aside for Priority Two sets up the very real threat of 'robbing Peter to pay Paul', whereby the set aside for Priority Two would encroach on Priority One, leaving both priorities to be rationed.
- **Allocating E-Rate Funding:** AASA and AESA oppose any effort to distribute E-Rate funding on the basis of a per-capita (ie, per student) basis. Such an approach fails to recognize high-cost service factors that often impact rural and small schools. Everything from cost of connectivity to accessing maintenance has higher costs in small and geographically isolated locations, and per-capita funding would unfairly shortchange all of these districts and the students they serve. The E-Rate program was designed to connect schools and libraries on the basis of concentration of poverty, not fund individual children. Title I of the Elementary and Secondary Education Act (ESEA) is, like E-Rate, a program that allocates its funds in a manner designed to offset the effects of concentrated poverty. This is in recognition of the fact that it is the concentration, not mere presence, of poverty negatively impacts student learning and achievement⁴. Concentration of poverty is reflected in the percentage of eligibility, as opposed to a straight count of students in poverty. That is, 100 low-income students in a district of 1,000 students is a different level of poverty than 100 low-income students in a district of 10,000. Specific to the idea of a per pupil cap: With a historic focus on concentrations of poverty, the very act of diluting funding to a pupil (or class, or building) level is antithetical to combating concentrations of poverty. It reflects the presence, but not necessarily the concentration, of poverty. From an AASA/AESA point of view, we see per capita limits as poor proxies for ensuring that funds remain truly targeted on the neediest (poorest) populations.
- **Encouraging Cost-Effective Purchasing:** AASA and AESA applaud the proposal to encourage consortium purchasing. This is a strong complement to the already-existing option to apply in consortia and the FCC's commitment to streamline the processing of consortia applications, which tend to be processed in a slower manner than single applicants. We support the seemingly subtle, but very powerful, shift from processing applications in a manner that prioritizes the number of applications processed to one that prioritizes the number of schools, libraries and students served.

⁴ Poverty & Race Research Council:

http://www.prrac.org/pdf/annotated_bibliography_on_school_poverty_concentration.pdf;

ETS Center for Research on Human Capital and Education, July 2013. Poverty & Education: Finding the Way Forward.

http://www.ets.org/s/research/pdf/poverty_and_education_report.pdf

- Data Collection and Transparency: AASA Executive Director Daniel Domenech is a former superintendent and currently serves on the USAC Board, a unique position that bolsters AASA's support for increased understanding and use of the data already being collected, as well as transparency. The current E-Rate application process is ripe with data that remains underutilized or inaccessible when it comes to truly knowing exactly how E-Rate dollars are being invested; we support efforts to bolster and increase USAC's capacity to analyze and share E-Rate program data. We support the proposal to push for increased price transparency as a way to empower local school and library leaders to ensure they are getting the best price, a concept that strongly parallels our call for technological neutrality and local decision making.
- Technology Planning: AASA and AESA urge the FCC to make no changes to the current requirements related to technology planning. Requiring those applicants pursuing only Priority One services to submit a technology plan is an administrative burden. We feel that the current requirement for technology plans only from applicants pursuing Priority Two services is reasonable and warrants no change.
- Streamlining the Administrative Process: The crux of our recommendations for the administrative process of E-Rate is related to the application process. As we wrote in our Summer 2013 NPRM comments, we support a streamlining of the administrative process including online filing and reduced administrative burden⁵, as well as allowing for multi-year applications and providing an 'EZ' renewal form for applicants making no changes to a previous year's application.
- Reduced Support for Voice Services: Voice remains an important E-Rate service for schools and libraries. We are concerned that removing support for voice services within the E-Rate program will prove a hardship for schools. In line with our previous comments related to technological neutrality and local decision making, as well as the very basic need for voice services within schools and libraries, we urge the Commission to maintain voice service on the eligible services list. Removing voice services from the eligible services list does not negate a school district's very real need for working phones, for everything from simple contact to emergency communication. The shift would translate into increased fiscal pressure on local school budgets. Should the Commission move forward in its effort to reduce voice service support, it must be a gradual ramp down of support over no fewer than three years, providing applicants time to adjust their local budgets and contracts accordingly.
- Demonstration Projects: AASA and AESA remain strongly opposed to the use of current E-Rate dollars (including the \$2 billion infusion, as it is money previously allocated to E-Rate) for carve out demonstrations and test pilot projects. This is a position we have long advocated, as any of the pilot projects siphon limited dollars away from the historically oversubscribed E-Rate program. We applaud the Commission's interest in testing proposals and ideas aimed at modernizing E-Rate and would support some of the proposed pilots, but not within the limited E-Rate dollars. Any incursion on the E-rate program – whether it be from a new service, a new class of applicants, or a new program (as the proposed pilot would be) – would significantly destabilize the program. For these reasons, we strongly opposes any significant E-Rate program funding changes for purposes that fall beyond the legislative intent of the program, no matter how meritorious.

Recommendations for Allocating the \$2 billion in found-funding for the E-Rate Program: AASA and AESA, as members of the Education & Library Network Coalition (EdLiNC), support the proposal advanced by EdLiNC for the distribution of the \$2 billion, with a few differences. We think the full \$2 billion should be focused on Priority Two services. We are opposed to *any* pilot or carve out project within E-Rate funding, including the \$2 billion in 'found funding'. We endorse the EdLiNC proposal that (1) no school/library buildings that

⁵ See AASA/AESA Joint Filing, Aug 27, 2013 http://aasa.org/uploadedFiles/Policy_and_Advocacy/files/AASA%20E-Rate%20NPRM%20Comments%20081613.pdf

received Priority II support in the past five years would be eligible to receive support from the \$2 billion identified by the Commission; (2) All schools and libraries eligible after the application of (1) would be eligible to receive a share of the \$2 billion identified by the Commission in the same poverty order as the current system operates; and (3) In order to ensure as broad a dissemination as possible of the \$2 billion identified by the Commission, each Priority II applicant eligible for a share would receive a decrease of their current eligible discount rate by a modest amount that would total no more than 10 percent. Our endorsement of these programmatic restructuring proposals is in the context of the \$2 billion in found funding and do not apply to the broader E-Rate program.

Conclusion

AASA and AESA are supportive of the government's efforts to increase access to broadband across the country. We urge the FCC to ensure that any efforts to modernize the E-Rate program are two-pronged, including programmatic restructuring AND a permanent increase in the E-Rate funding cap. The long-term success of E-Rate relies on its ability to be updated to reflect the ever-changing world of connectivity and educational technology while remaining committed to its focus on equity and program sustainability.

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